

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 514 - HB 656**

February 21, 2017

**SUMMARY OF BILL:** Increases from one to two the number of free Purple Heart and Disabled Veteran specialty license plates that may be issued to qualifying veterans.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue – \$39,000/Highway Fund  
\$800/General Fund**

**Forgone State Revenue – \$291,500/Highway Fund  
\$5,900/General Fund**

**Assumptions:**

- Pursuant to Tenn. Code Ann. §§ 55-4-237 and -239, qualifying veterans may currently receive one free Purple Heart or Disabled Veteran specialty license plate. Qualifying veterans may receive a second such plate after paying the applicable registration fees.
- The registration for a passenger vehicle is \$18.75.
- Information from the Department of Revenue (DOR) indicates 2,125 vehicles have paid for a second specialty Purple Heart or Disabled Veteran license plate and would be eligible to receive one additional free plate as a result of this bill.
- It is assumed that the DOR collects \$39,844 (2,125 x \$18.75) in annual revenue from veterans purchasing a second specialty Purple Heart or Disabled Veteran license plate.
- Information from the DOR indicates 35,973 registered vehicles qualify for a second plate. DOR's Division of Motor Vehicles estimates that approximately 50 percent, or 15,862 [(35,973 x 50%) – 2,125] qualifying veterans, would opt to receive a free second qualifying license plate only as a direct result of this bill. Given that no revenue is currently being collected pursuant to these vehicles, any state revenue impact is considered forgone revenue. Therefore, the recurring forgone state revenue is estimated to be \$297,412 (15,862 x \$18.75).
- Pursuant to Tenn. Code Ann. § 55-6-107, 98 percent of state revenue from the purchase of license plates is allocated to the state Highway Fund and two percent is allocated to the state General Fund.
- The recurring decrease in state revenue to the Highway Fund is estimated to be \$39,047 (\$39,844 x 98.0%); to the General Fund is estimated to be \$797 (\$39,844 x 2.0%).

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- The recurring forgone state revenue to the Highway Fund is estimated to be \$291,464 (\$297,412 x 98.0%); to the General Fund is estimated to be \$5,948 (\$297,412 x 2.0%) to the General Fund.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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